

AMEREN TRANSMISSION COMPANY OF ILLINOIS)	
)	
Petition for a Certificate of Public Convenience and)	
Necessity, pursuant to Section 8-406.1 of the Illinois)	Docket No. 12-0598
Public Utilities Act, and an Order pursuant to Section 8-)	
503 of the Public Utilities Act, to Construct, Operate and)	
Maintain a New High Voltage Electric Service Line and)	
Related Facilities in the Counties of Adams, Brown,)	
Cass, Champaign, Christian, Clark, Coles, Edgar, Fulton,)	
Macon, Montgomery, Morgan, Moultrie, Pike,)	
Sangamon, Schuyler, Scott and Shelby, Illinois.)	

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I. INTRODUCTION AND POSITION SUMMARY

The July 3, 2013 Administrative Law Judges' Proposed Order (Proposed Order) reflects an effort to weigh the evidence in this case, apply the law and decide contested issues fairly. For the most part, the Proposed Order succeeds in this effort. The Proposed Order concludes that the Illinois Rivers Project (Project) is necessary; that ATXI can manage and finance the Project; that a Certificate of Public Convenience and Necessity (Certificate) should be granted for seven of the nine proposed segments of the Transmission Line; and that certain substations should be included within the scope of the Certificate. The Proposed Order does not suggest Ameren Transmission Company of Illinois (ATXI) failed to meet any notice, informational or filing requirement of Section 8-406.1. These findings are well supported and need not be disturbed.

There are a few key areas, however, where the Proposed Order falls short, and these items can and should be resolved in the Final Order. Most of these shortcomings appear to stem from a misapprehension of the record. The clearest examples of misapprehension are the Proposed Order's discussion of an alternative routing through Kincaid as the basis for denying a Certificate for the Pawnee – Pana – Mt. Zion segments of the Transmission Line (leaving a hole in the middle of the Project) and its conclusions denying a certificate for the Ipava, Kansas, Sidney and Rising substations.

There is substantial evidence to support routes between Pawnee – Pana – Mt. Zion – even if they are not ATXI's routes. But the Proposed Order punts on route selection for these segments out of concern that different routes utilizing a substation in Kincaid were not studied. This finding is not correct. The only "evidence" concerning the viability of a route through Kincaid is a passing reference to the effect that such a route was not studied. This fleeting reference stands in stark contrast to the substantial body of evidence that justifies and supports the electrical configuration of the Pawnee – Pana – Mt. Zion segments. There is no need for a

separate proceeding to review Kincaid as an option because Kincaid connections were already studied in the MISO process, and ultimately not included as part of the approved MISO MVP portfolio. While the Commission is not legally bound to accept MISO's judgment that the configuration of the MVP portfolio is the superior alternative of many studied, no one has provided evidence demonstrating that this conclusion was misguided, particularly for a Kincaid "option." Rather, the evidence shows that the 345 kV path required across central Illinois must include Pawnee – Pana – Mt. Zion.

The Proposed Order denies a Certificate for four substation facilities based on a misperception that there is insufficient evidence to determine whether there is enough space at existing Ameren Illinois Company (AIC) substations to accommodate 345 kV connections, or whether new substations should be built. Whether construction should occur on "new" versus "expanded" sites, however, is a distinction without a difference. There is ample record evidence that at the existing AIC substations, there is not enough room for the facilities needed to make additional connections for the new transmission lines. ATXI proposes to remedy this problem by utilizing the existing substation properties to the extent feasible and acquiring land adjacent to them. This will enable ATXI to build facilities on these properties to make the necessary connections. These substations will be "new" in the sense that ATXI does not currently own any facilities at these sites and recently acquired the real property at these sites. The substations will be "expanded" in the sense that new ATXI facilities will be installed next to existing AIC facilities. Principles of electrical engineering are indifferent to whether this configuration constitutes an "expansion" of an existing substation or installation of a "new" immediately adjacent substation. These facilities – regardless of who owns them and whether they are dubbed "new" or "expanded" – must be built for the Transmission Line to serve its intended function.

All recognize the need for the Project and the benefits it brings, including lower energy costs, the facilitation of renewable energy delivery into the State of Illinois, relief of serious and immediate reliability concerns, particularly in the Decatur area, job creation, and others. These benefits will not be realized unless the substations and transmission line segments for the Pawnee – Pana – Mt. Zion are approved in conjunction with the rest of the Project.

The Proposed Order also misapprehends the record evidence concerning the Kansas – Indiana State Line segment. Of the seven routes approved in this proceeding, six were recommended by ATXI. The sole outlier is the Kansas – Indiana State Line route. While there was *some* evidence to support the route adopted in the Proposed Order, the weight of the evidence tilts much more toward ATXI's recommended route. The final order should find that ATXI's route is the preferred, least-cost option for this segment.

The Proposed Order does not indicate the expected consequences of a decision to not grant a Certificate for the entirety of the Project. The likely consequence is rehearing on those issues or new proceedings seeking a Certificate for the routes for which no Certificate was granted here. The Commission must give some consideration to what end, aside from delay, would additional proceedings actually accomplish? The Commission will likely see similar proposals, from the same parties. For this reason, parties with an interest in the Pawnee – Pana – Mt. Zion portions such as Clark County Landowners, Tarble Enterprises, and Reed Family Trust have stated they are “adamantly opposed” to concluding this proceeding with no decision on a route for the Pawnee – Pana – Mt. Zion segments.

For these reasons, further explained below, the final order should adopt the exceptions language included with this brief.

II. ARGUMENT

A. Exception 1: Proposed Order Conclusions regarding Pawnee – Pana – Mt. Zion Routes and the Mt. Zion Substation.¹

The Proposed Order “agrees that a 345 kV transmission line is necessary to address transmission and reliability needs in an efficient and equitable manner and will benefit the development of a competitive electricity market,” and concludes “the record supports a finding that the type of project represented by the Illinois Rivers Project is necessary and appropriate under Section 8-406.1(f)(1).” (ALJPO 13-14.) The Proposed Order then grants a Certificate for seven of the nine segments of the Project. However, the Proposed Order does not grant a Certificate for a route from Pawnee – Pana (pp. 82-83) and Pana – Mt. Zion (pp. 82-83). And although the Proposed Order finds a substation is necessary at Mt. Zion, it states “[a] question remains, however, as to the appropriate location for the Mt. Zion substation.” (ALJPO 83.) As the Proposed Order approves routes for the eastern and western portions of the Project, these conclusions effectively create a hole in the middle of the 345 kV path required through central Illinois. (MISO Ex. 1.0 (Rev.), pp. 19-22.) Because the Proposed Order’s conclusions that create this hole – that no Certificate should be granted for Pawnee – Pana – Mt. Zion and the Mt. Zion substation – arise from the same erroneous findings, these three Proposed Order determinations are addressed together in this Exception.

The basis for not granting a Certificate for the Pawnee – Pana – Mt. Zion portions is, according to the Proposed Order, a “suggestion” from Staff that “ATXI and MISO have failed to consider whether it would be preferable to have a line from Kincaid to Mt. Zion, which Staff

¹ ALJPO Section V, “Need for the Proposed Facilities and Development of a Competitive Electricity Market” (ALJPO 10-14); ALJPO Section VI “Least-Cost and the Proposed Line Routes” subsection E.4, “Pawnee – Pana, Commission Conclusion” (ALJPO 82-83) and subsection F, “Pana – Kansas” (ALJPO 83-99); ALJPO Section X, “Findings and Ordering Paragraphs” (ALJPO 132- 134).

believes might obviate the need for the Pawnee to Pana segment of the project.” (ALJPO 82.)

The entirety of the evidence concerning this “suggestion” is this:

Q. So we would have a connection from Pana down to Mt. Zion, correct?

A. I will have to stop you and say not necessarily.

Q. Go ahead.

A. There is -- I discovered after -- after the filing of testimony, I discovered that there was not a consideration of a Kincaid to Mt. Zion option that, I believe, needs to be explored as well.

(Tr. 296.)

And that’s all there is. Staff offered no evidence that it is necessary or appropriate to consider “a Kincaid to Mt. Zion option,” or that such an option is feasible from an engineering or electric planning perspective. No other witness testified that a “Kincaid to Mt. Zion option” should be considered. Nonetheless, based on Staff’s passing remark, the Proposed Order concludes that the “Kincaid alternative” should have been considered. Cascading from this conclusion are the findings that the Pawnee – Pana route, the Pana – Mt. Zion route and the Mt. Zion substation location may not be the least cost route options and should not be approved.

As discussed below, the Proposed Order fails to recognize that Kincaid connections *were* considered in the MISO RGOS and MVP process, but were not adopted. Such a connection, which would be to a Commonwealth Edison Company (ComEd) facility outside the MISO footprint, poses technical and operational concerns. (Staff-ATXI Joint Ex. 1, p. 9.) Thus, the Proposed Order’s conclusion on Kincaid is wrong. Because the conclusion is wrong, any reason to deny a Certificate for Pawnee – Pana and Pana – Mt. Zion falls away. And there is otherwise ample record evidence on which to select the least cost route for these portions of the Project. The Proposed Order should therefore be revised to approve a Certificate for Pawnee – Pana and Pana – Mt. Zion and approve a Mr. Zion substation location.

1. The Proposed Order Erroneously Concludes that a Kincaid “Alternative” Was Not, But Should Be, Considered.

(a) Alternative Connections Through Kincaid Were Considered in the MISO Process, and Not Adopted

The Proposed Order seizes on Staff’s argument (in briefing) “that neither ATXI nor MISO appear to have studied the Kincaid-Mt. Zion option” (ALJPO 82) to conclude that ATXI’s proposed Alternate Route 2 from Pawnee to Pana is not the least cost option, the Proposed Order “therefore decline[s] to include as a portion of the Illinois Rivers Project authorization to construct a transmission line from Pawnee to Pana.” (ALJPO 82-83.) The Proposed Order then relies on this finding as the basis for not approving a Pana – Mt. Zion route or a location for the Mt. Zion substation. (Id.)

The record, however, makes clear that discussions *were* held regarding MVP configurations connecting to the Kincaid station during the years-long MISO RGOS and MVP development meetings. “[T]he MISO multi-year RGOS and MVP portfolio development process examined numerous system configurations including the attached drawing [showing a potential route through Kincaid] which is one of several iterations considered.” (ATXI/Staff Joint Cross Ex. 1, p. 7.) The map accompanying ATXI/Staff Joint Cross Ex. 1 illustrates potential configurations which included a connection through Kincaid. (Id., p. 8.) Various other potential configurations are described in the MISO MVP Report and the MTEP11 Report as well. (Id., pp. 7-8.) These configurations were among the many considered in arriving at the final determination that the MVP portfolio is the overall best solution for delivering continued reliable operation of the ATXI and Ameren Illinois transmission systems as well as increased market efficiency, and economic benefits to ratepayers well in excess of the portfolio costs. (MISO Ex. 1.0 (Rev.), p. 19.) To conclude that there was not consideration of a Kincaid alternative is simply wrong. The MISO process plainly considered a Kincaid alternative – along with many

others – but that option was not carried forward (nor were many other options), so it was not the best solution. The presence of operational concerns with a Kincaid connection (discussed below), confirms this conclusion.

(b) A Kincaid Connection Poses Technical and Operational Concerns

In arguing that there *could* be an “alternative that supplied a new Mt. Zion substation site from Kincaid rather than from Pana” (Staff Init. Br. 41), Staff does not discuss the significant technical and operational concerns associated with a connection at Kincaid. The Proposed Order mentions, but apparently discounts, this evidence. (ALJPO 83.) But the record is clear: the Kincaid facilities’ configuration presents operational and reliability concerns that would impact any decision to connect there. (ATXI/Staff Joint Cross Ex. 1, p. 9.) As ATXI explained about connections into the Kincaid substation:

the Kincaid substation utilizes a seven position ring-bus configuration which presents several operational and reliability challenges. Among the more major issues with that type of configuration is that a Category C3 contingency event could result in two non-adjacent circuit breakers opening and result in a “splitting” of the ring bus into two electrically separate sections. *This situation can have negative impacts on system reliability and market efficiency.* Additionally, performing maintenance activities is a challenge because removing a ring bus component for maintenance results in a situation where a single equipment failure could result in splitting the bus into two sections and result in the previously listed negative impacts.

(Id. (emphasis added).) The Proposed Order fails to account for these operational concerns in considering Staff’s suggested Kincaid alternatives.

(c) No Evidence Supports the Conclusion that Kincaid Should be Considered

Staff offers no evidence that a connection through Kincaid is feasible, can deliver the Project’s benefits, or is in any way a superior or lower-cost option to the Project as proposed and designed by ATXI. In fact, as discussed above, the evidence is to the contrary – a Kincaid

connection could have negative impacts on system reliability and market efficiency.

(ATXI/Staff Joint Cross Ex. 1, p. 9.) The extensive study undertaken by MCPO witness Mr. Dauphinais also did not identify a Kincaid alternative (although all his options have a connection in Pana). (See, e.g. MCPO Exs. 1.0 (Rev.), p. 6-13; 1.1.)

Staff argues that a Kincaid alternative could be provided “at a significantly lower cost due to the shorter distance.” (Staff Reply Br. 11.) There is no evidence to support this conclusion, and Staff cites none. As the Proposed Order correctly notes elsewhere, the fact that a route is shorter does not necessarily mean it is least-cost. (ALJPO 14.) The operational issues with connecting to the Kincaid substation could make a route through Kincaid as or more costly. Staff provides no evidence to support its speculative claim that a Kincaid option would save any money.

The Project is necessary because the existing 345 kV system and connections are inadequate: “The project is intended to address heavy west to east flows towards Chicago for which *the existing 345 kV paths will not be sufficient.*” (MISO Ex. 1.0 (Rev.), p. 20 (emphasis added).) “The addition of the Project introduces *a new parallel 345 kV path offloading the existing 345 kV bulk electric system interconnection* thereby mitigating overloads on it and underlying transmission facilities.” (*Id.*, p. 21 (emphasis added).) The MISO MVP process determined that a Pawnee – Pana – Mt. Zion configuration was necessary to address the inadequacy of the existing system. Staff offers no evidence that the Kincaid – Zion line could be an adequate replacement for the Pawnee – Pana – Mt. Zion line. The question is what new facilities are needed, and no evidence has been offered in this proceeding that such new facilities could feasibly or should go through Kincaid.

2. A Connection Is Required in Pana.

The Proposed Order eliminates a connection for the Project in Pana. But the record

makes clear that one is required. Establishing a 345 kV hub at Pana with connections to Pawnee, Kincaid, Coffeen, and Mt. Zion will reduce congestion and provide another connection to supply load in the area. (ATXI Ex. 2.0 (Kramer Dir.), p. 23.) MISO also identified specific reliability issues that would be addressed by a Pana connection. A generator instability condition at the Coffeen generating station arises when a fault occurs on the 345 kV substation equipment at Coffeen. (MISO Ex. 1.0 (Rev), p. 21.) Unstable generators are a safety hazard, and therefore need to be removed from the system, which can exacerbate system voltage and supply capability. (Id., p. 22.) The Illinois Rivers Project provides additional 345 kV capability to deliver the Coffeen station generation by providing new outlets from Pana, which is directly connected to Coffeen. Specifically, the Illinois Rivers Project provides a new outlet from Pana to Sugar Creek, forming a path parallel to the heavily-loaded existing Coffeen outlet to Ramsey 345 kV. (MISO Ex. 1.0 (Rev.), p. 22.)

No witness testified against a system connection in Pana. Even MCPO's proposal to eliminate the Mt. Zion substation had a connection in Pana. (MCPO Ex. 1.0 (Rev.), pp. 10-12.) Such a connection is necessary for the Project to deliver its reliability and market benefits. These benefits, which no party disputes, would be lost if the Pana connection was eliminated by adoption of a Kincaid option. The Proposed Order should therefore be revised to ensure the Pana connection is retained.

Regarding the Pana substation, Staff testified that "as at Pawnee, mine subsidence is occurring at AIC's existing Pana Substation, so that ATXI's decision to terminate the Pawnee to Pana segment of its Illinois Rivers Project at a new [Pana] substation outside of the area of mine subsidence is logical." (ICC Staff Ex. 1.0R, p. 37.) No other party disputes the location of the Pana substation. Thus, the Proposed Order should be revised to approve the Pana substation site

proposed by ATXI, along with the Pawnee – Pana route.

3. Not Granting a Certificate for the Middle Portions of the Project Jeopardizes the Timely Achievement of Project Benefits.

The MVP study process ultimately determined that a 345 kV path was required through central Illinois. (MISO Ex. 1.0 (Rev.), pp. 19-22.) And the Proposed Order correctly determines the Project as a whole is necessary to deliver its reliability and market benefits. (ALJPO 14.) The denial of a Certificate for the middle portions of the Project, however, jeopardize the timely achievement of the benefits the Proposed Order has endorsed.

All of the line segments that compose the Illinois Rivers Project were examined and analyzed simultaneously during the MTEP process. (ATXI Ex. 11.0 (Rev.) (Kramer Reb.), pp. 9-10.) As ATXI explained, it selected certain substation locations as “drop off” points for the Illinois MVPs, at which the MVPs could connect to the existing 138 kV system and thereby provide the needed reliability benefits. (ATXI Ex. 2.0, p. 22.) Eliminating the Pana substation eliminates one of the drop off points. Without the Pana drop off and/or with the theoretical Kincaid connection, the electrical configuration of the Project changes. (MISO Ex. 2.0 (Rev.), pp. 8-10, 13-14.) Whether the Project would still be able to deliver its complete benefits at that point is unknown, and would have to be reviewed. This could require a process of re-design that could involve delay, additional costs (including the need for new generation), and impacts on transmission system reliability. (Id., p. 14.) Thus, review, and any subsequent approval process would cause delay. (Id.)

Delay would create potential reliability concerns. The Proposed Order acknowledges MISO’s concern about delay (ALJPO 85), but does not address the consequences of delay. However, the Pana to Mt. Zion line is scheduled to be in service in 2016. (ATXI Ex. 2.4.) Both the Pana and Mt. Zion substations are also scheduled to be in service in 2016. (Id.) Delay for

the Pana to Mt. Zion 345 kV line and substation connections would place the 2016 in-service dates for this part of the Project at risk. (ATXI Ex. 11.0 (Rev.), p. 10.) This in turn would jeopardize the timely achievement of the reliability and other benefits and leave the Decatur area at risk for a greater period of time. (Id.)

Connection to the Mt. Zion substation is required to provide needed local reliability benefits in the Decatur area. (ATXI Ex. 2.0, p. 23.) The new substation will relieve loading on existing transmission facilities and enhance reliability in the Decatur area by providing transmission support for certain multiple contingency events, including certain Category C and Category D contingency events. (Id., p. 28.) This will reduce the exposure to dropping large amounts of customer load due to potential low voltage conditions. (Id.) Delay of the in-service date will result in delay in addressing these reliability concerns. (ATXI Ex. 11.0 (Rev.), p. 10.)

Moreover, the sequencing of the construction of the Project line segments is very important. Without proper sequencing of in-service dates, temporary system overloads could be created which would impact system operations. (Id.) Additionally, proper sequencing will help reduce system congestion that could potentially affect the economic benefits of the energy market. (Id.) Therefore, MISO and ATXI have determined the preferred construction sequence, including an in-service date of 2016 for Pana – Mt. Zion, to minimize the disruption of the transmission system during construction and commissioning of the Project. The Pana – Mt. Zion line segment needed in-service date is 2016, which is in the first year of the overall Project construction schedule. (ATXI Ex. 2.4.)

4. There is Ample Record Evidence on Which to Select Least-Cost Routes for Pawnee – Pana – Mt. Zion and a Location for the Mt. Zion Substation.

(a) Pawnee – Pana

ATXI and Staff recommended approval of ATXI's Alternate Route 2. (ALJPO 77.) In

fairness, Staff's recommendation is contingent on the Commission finding that this segment of the Project should be included in the Certificate. (*Id.*, at 81.) The Proposed Order disapproves *any* route based on the mistaken belief that a Kincaid alternative was not considered. As already discussed, a Kincaid alternative was considered. And because it was considered, there is no basis for disapproving ATXI's Alternate Route 2. Thus, the only question is the least cost location of such a route. The record contains ample evidence on which the Commission can make the determination, and supports ATXI's recommended Second Alternate Route. ATXI and Staff explained why this route is the best alternative, and no Intervenor proposed a different route for the Commission to consider.

(b) Mt. Zion Substation

The basis for the Proposed Order's refusal to pick a location for the Mt. Zion substation is that "specifying the location of the substation based solely on the location of one of the connecting 345 kV lines (that being the line from Kansas) without knowing where other connecting transmission lines will be coming from (the aforementioned 138 kV line and the other 345 kV line from either Pawnee or Pana) would unreasonably restrict future efforts to site those other transmission lines." (ALJPO 85.) As discussed above, however, the other connecting 345 kV line into Mt. Zion should come from Pana. That leaves the 138 kV line. The Proposed Order appears to endorse Staff's concern that "landowners who might be affected by the location of those 138 kV lines and structures may not have known that ATXI's proposals might affect them." (ALJPO 84.) But the record shows this concern is unwarranted. Attendees of the public meetings were made aware of the possibility that additional 138 kV transmission lines would be necessary in the integration corridors. (ATXI Exs. 4.10; 13.0C (2d Rev.), p. 6.) ATXI provided maps of potential corridors for future 138 kV connections, including for the connections north from the proposed Mt. Zion substation. (ATXI Ex. 4.10 (Part 5 of 5), p. 1.)

Landowners on these connection corridors were included in ATXI's landowner list for notification of this proceeding. (ATXI Ex. 13.0C (2d Rev.), p. 6.) And parties to this proceeding, as discussed above, would likely prefer a decision on this record to the uncertainty of some future proceeding. Thus, there is no reason not to pick a location for the Mt. Zion substation.

Only two locations for the Mt. Zion substation have been proposed. ATXI proposes to locate the substation along Sulphur Springs Road near the city limits of Mt. Zion, while Staff has proposed to locate the substation "further south – nearer a line between Pana and Kansas, as proposed by the Village of Mt. Zion." (ICC Staff Init. Br. 24.) There is sufficient record evidence in this proceeding for the Commission to choose one of these locations. The record evidence shows ATXI's proposed location is better than Staff's. A southerly substation connected to Mt. Zion via a pair of 138 kV lines, as Staff proposes, would not be sufficient to meet the electrical needs in this area. (ATXI Ex. 11.0 (Rev.), pp. 7-8; ATXI Init. Br. 59-60; ATXI Reply Br. 30.) Staff's proposal provides inadequate voltage support to return certain post-contingency voltages above the 95% threshold. (ATXI Ex. 11.0 (Rev.), pp. 7-8; ATXI Init. Br. 59-60; ATXI Reply Br. 30.) No party, including Staff, has contested this evidence. Any theoretical reduction in cost associated with Staff's proposal is irrelevant if the less-costly alternative is incapable of providing adequate service.

(c) Pana – Mt. Zion

The Proposed Order finds that "there is no need to address the route options for a transmission line between Pana and Mt. Zion at this time. If a direct transmission line between Pawnee and Mt. Zion is found to be appropriate, a link to Pana will not even be necessary."²

² No "direct" link between Pawnee and Mt. Zion has been proposed in this proceeding. The "alternative" outlined in Staff's Initial and Reply Briefs consists of two segments connected by a substation: a Pawnee to Kincaid segment,

(ALJPO 83.) But a substation *is* needed at Pana, as is a transmission line from Pawnee to that substation. (ATXI Ex. 2.0 (Kramer Dir.), p. 23.) There is also a need for a substation at Mt. Zion (as recognized in the Proposed Order), as well as a transmission line from that substation to Kansas. (See ALJPO 85, 97-99.) Thus, a connection must be made between Pana and Mt. Zion.

The only question is the identification of a least-cost route for the line between Pana and Mt. Zion. There is substantial record evidence concerning routing alternatives for this portion of the Project on which the Commission can base a decision. Three alternatives are available to the Commission. ATXI proposed both a Primary and an Alternate Route. The Assumption Group proposed an alternative route along Highway 51, which was supported by the testimony of Mr. Corzine. (Corzine Ex. 1, p. 5; Corzine Init. Br. 3-5.) ATXI's Primary Route is preferred by ATXI, as well as Intervenors Moultrie County Property Owners (MCPO), Gan Properties, LLC, and Shelby County Land Owners. (See ATXI Init. Br. 65-66.) Staff has also expressed support for ATXI's Primary Route.³ (ICC Staff Ex. 1.0R, p. 42.) For reasons explained in ATXI's briefs, the Primary Route is supported by the record as the best alternative. (ATXI Init. Br. 65 -78; ATXI Reply Br. 31-34.)

The Assumption Group/Corzine route is plainly a less desirable route. It is within very close proximity to several residences south of Assumption. (ATXI Ex. 13.0C (2d Rev.), p. 50; Staff Ex. 1.0R, p. 42.) This route would also require a significant increase in the number of

(continued...)

and a Kincaid to Mt. Zion segment, connected by a substation at Kincaid. (Staff Init. Br. 40-41; Staff Reply Br. 11-12.)

³ Throughout the proceeding, Staff's support for ATXI's Primary Route between Pana and Mt. Zion was conditioned upon a conclusion that the Mt. Zion substation is necessary. (See, e.g. ICC Staff Ex. 1.0R, pp. 42-43.) It was not until the briefing stage that Staff recommended excluding the Pana-Mt. Zion segment from the certificate based on questions regarding the necessity of a connection at Pana. Since Staff now agrees that the substation at Mt. Zion is necessary (ICC Staff Reply Br. 12), and since the evidence shows that a substation at Pana is similarly necessary, Petitioner assumes that Staff continues to hold its stated preference for ATXI's Primary Route between Pana and Mt. Zion.

angle structures, therefore increasing the cost of the route. (ATXI Ex. 13.0C (2d Rev.), p. 49.)

The Highway 51 route impacts farms as well as residences, businesses, grain bins, a factory and a church. (Tr. 285-92.) Additionally, as noted by Staff, eminent domain is not available against the Illinois Department of Transportation (ILDOT), which manages Highway 51. (ICC Staff Init. Br. 28-29). Thus, ILLDOT would be required to consent to construction of the transmission line along Highway 51. (Id.) Therefore, the record overwhelmingly supports selecting ATXI's Primary Route between Pana and Mt. Zion.

5. Alternative Exception to the Finding and Ordering Paragraphs

The Proposed Order should be revised as discussed above, to grant a Certificate for the Pawnee – Pana – Mt. Zion routes and the Mt. Zion substation. Should the Commission not adopt ATXI's proposed revisions, however, the Proposed Order's Finding & Ordering paragraphs should be corrected to recognize the Proposed Order's correct determination that the entirety of the Project – i.e. a 345 kV line crossing all of Illinois – is needed. The Proposed Order's finding denying a Certificate for the Pawnee – Pana – Mt. Zion routes and the Mt. Zion substation is not based on a finding that the Project is unnecessary, but based on the Proposed Order's conclusion that a least-cost route for those segments cannot be identified. Thus, in the alternative to Exception 1, the Proposed Order's Finding & Ordering paragraphs should make clear the Project is necessary to provide adequate and reliable service and promote the development of an effectively competitive electricity market, and segments for which a Certificate is granted are the least cost means to do so.

For the reasons given above, when issuing its Final Order in this proceeding, the Commission should make the exceptions to the Proposed Order that are included in Appendix A, pp. 1-16.

B. Exception 2: Proposed Order Conclusions Regarding Ipava, Kansas, Sidney, and Rising Substation Sites.⁴

The Proposed Order does not authorize ATXI to construct all of the necessary substation facilities requisite to the Project; specifically, it does not approve construction of a new substation at Ipava or the expansion of existing substation sites at Kansas, Sidney, and Rising, due to a perceived lack of evidence on the need for those substations. (ALJPO 54, 119, 128.) But the record shows that space and geographic constraints would preclude ATXI from installing the necessary facilities at the existing substations, and so expansions or new sites are required (see also the substation detail maps provided in the Response to the ALJs' Post Record Data Request).

The Proposed Order assumes that existing AIC substations at Ipava, Kansas, Sidney, and Rising are sufficient to accommodate the necessary Project equipment. For example, the Proposed Order concludes, "the current substation located at Ipava, Illinois is sufficiently sized and capable of expansion such that it could handle the additional facilities required by the this portion of the Illinois Rivers Project." (ALJPO 54.) This is not so. As the evidentiary record reflects, "[i]t is impractical, if not impossible, for the necessary facility additions and connections to be made within the existing [AIC] substations" at those locations. (ATXI Ex. 12.0 (Rev.) (Hackman Reb.), p. 21.) In this respect, the Proposed Order's conclusions contravene the record evidence.

In fairness to the ALJs, there seems to be confusion over whether ATXI proposes to build new substations or to expand existing ones. To be clear, the record reflects that ATXI must build

⁴ ALJPO Section V, "Need for the Proposed Facilities and Development of a Competitive Electricity Market" (ALJPO 10-14); VI, "Least-Cost and the Proposed Line Routes" subsections C.5, "Meredosia – Ipava, Commission Conclusion" (ALJPO 52-54), F.7, "Pana – Kansas, Commission Conclusion (ALJPO 97-99), G.8, "Kansas – Indiana State Line, Commission Conclusion (ALJPO 117-120), H.6, "Sidney – Rising, Commission Conclusion (ALJPO 127-128); and ALJPO Section X, "Findings and Orderings Paragraphs" (ALJPO 132-134).

an entirely new substation at Ipava, about a half-mile from the existing AIC substation. (See Map on following pages; ATXI Exs. 3.0 (2d Rev.) (Hackman Dir.), p. 14; 12.0 (Rev.), p. 22; 4.2 (Part 19 of 100), p. 1.) At Sidney and Rising, ATXI has acquired substation property from AIC and real estate immediately adjacent to the existing AIC substations to accommodate the footprint of the new ATXI equipment. At Kansas, AIC has acquired real estate immediately adjacent to the existing AIC substations to accommodate expansion as well. (See ATXI Ex. 8.0, p. 4; Maps on following pages; ATXI Exs. 3.0 (2d Rev.), p. 16; 12.0 (Rev.), p. 22; 4.2 (Part 74 of 100), p. 1, (Part 96 of 100), p. 1, (Part 93 of 100), p. 2.) At Kansas, Sidney and Rising then, this allows connection and access to the existing substation site. In all four cases, existing AIC substations are either not large enough, or suffer some other constraint, that prevents ATXI from making the necessary 345 kV connections. (See ATXI Exs. 2.0 (Kramer Dir.), p. 21; 12.0 (Rev.), p. 21.)

To the extent the Proposed Order or Staff witness Mr. Rockrohr's testimony are construed to suggest that ATXI hasn't proven it needs additional land for substation connections, the record evidence shows otherwise. Mr. Hackman explained in detail why more real estate is needed for each of the four substations:

It is impractical, if not impossible, for the necessary facility additions and connections to be made within the existing substations Mr. Rockrohr identifies. As explained in my direct testimony, ATXI determined that it was preferable to construct new substations, rather than modify the existing facilities, based on space requirements, engineering requirements (including, but not limited to, control cable length, station service design limiting bus crossing and circuit ingress and egress, topology), and potential future development needs of the existing substations. Specifically, the new facilities that ATXI proposes to install are intended to accommodate: three string, three breaker per string, breaker-and-a-half 3000 A, 345 kV substation facilities to terminate the line segments of the Project, consisting of the following major equipment: nine (9)- 345 kV breakers, twenty-four (24) 345 kV motor-operated switches, and 345 kV bus conductor; also, a 345/138 kV, 560 MVA autotransformer and associated 138 kV, 3000A, transformer low-side circuit breaker. The proposed configurations at Ipava,

Kansas, Sidney and Rising require a much larger substation development than exists. Further, the existing substations at those sites did not have a 345 kV breaker or 345 kV bus, much less the 345 kV breaker-and-a-half positions required to terminate the Project's lines. Accordingly, the existing facilities are not sufficient to terminate those lines, and they offer the least reliable substation configuration with their straight bus configuration. The new substations, as proposed by ATXI, are necessary and will address the limited capabilities of the existing AIC substations at Ipava, Kansas, Sidney, and Rising.

(ATXI Ex. 12.0 (Rev.), pp. 21-22.) Put simply, the existing AIC substations at Ipava, Kansas, Sidney, and Rising lack both the requisite 345 kV connection equipment and the space to house it.

Mr. Rockrohr believes it would “make more sense” for ATXI to utilize the existing AIC substation sites at Kansas, Sidney, and Rising, rather than construct “additional substations” at those locations. (ICC Staff Ex. 1.0R, pp. 30, 31, 44, 52.) ATXI has acquired part of AIC’s existing substation property and/or adjacent real estate, to expand into from the existing AIC sites. (ATXI Ex. 8.0 (Dyslin Dir.), pp. 3-4.) So ATXI will be “utilizing” the AIC substation sites to the extent feasible as adjoining locations. Thus, it is unclear how ATXI’s proposals are inconsistent with Mr. Rockrohr’s recommendations.

ATXI proposed a different approach for the Ipava substation because of different circumstances. Physical barriers at the existing Ipava substation make it impossible to expand that site to accommodate new connections. The existing site is constrained by a railroad, a residence, and a flood area. (ATXI Ex. 4.2 (Part 19 of 100), p. 1.) Mr. Hackman explained:

The area around the existing transmission substation was judged by the Design professionals on the selection team to be unsuitable for the ultimate development of the Project substation because of the topology and proximity of the road, residence and watercourse. As such, a preferred site and alternate site were selected, one east and one west of the existing substation. Both the preferred and alternate sites had the benefit of minimizing integration costs and had good “build-ability.” During the Real Estate activities though, the preferred site was found to pose concerns that would make line routing more difficult, so an additional site to the east was pursued. This site had the benefit of minimizing integration costs with the added benefit of slightly better routes for future circuits.

This second alternate site was the site ultimately chosen for the new Ipava substation.

(ATXI Ex. 3.0 (2d Rev.), p. 14.) The existing Ipava site is simply too small and has other impediments for immediate development.

Thus, record evidence provides ample support for the Commission to authorize construction of all of ATXI's proposed new or expanded substation sites, including the new site at Ipava and the expansion sites at Kansas, Sidney, and Rising. The Proposed Order's conclusions to the contrary should not be adopted. Proposed exceptions language is included in Appendix A, pp. 17-24.



Illinois Rivers Project

Proposed Routes

Legend

- Primary Route
- Alternate Route
- Segment Option
- Project Study Area
- Proposed Substation Site
- County Boundary
- Municipal Boundary
- Township Boundary
- Section Boundary
- Existing Substation

Existing Utilities

- Overhead Utility Line
- Railroad

Existing Transmission Line

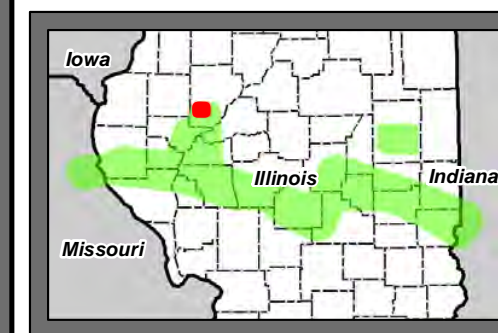
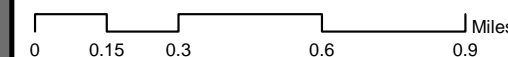
- 345,000 Voltage (V)
- 161,000 Voltage (V)
- 138,000 Voltage (V)

Existing Distribution Line

- 69,000 Voltage (V)

Disclaimer:
The mapped locations of foreign electric supply facilities (depicted as overhead utility lines), and/or the general locations where these facilities would be crossed by the Proposed Routes, are based on aerial reconnaissance of the Proposed Routes. Data associated with known locations of telecommunication facilities is not readily available.

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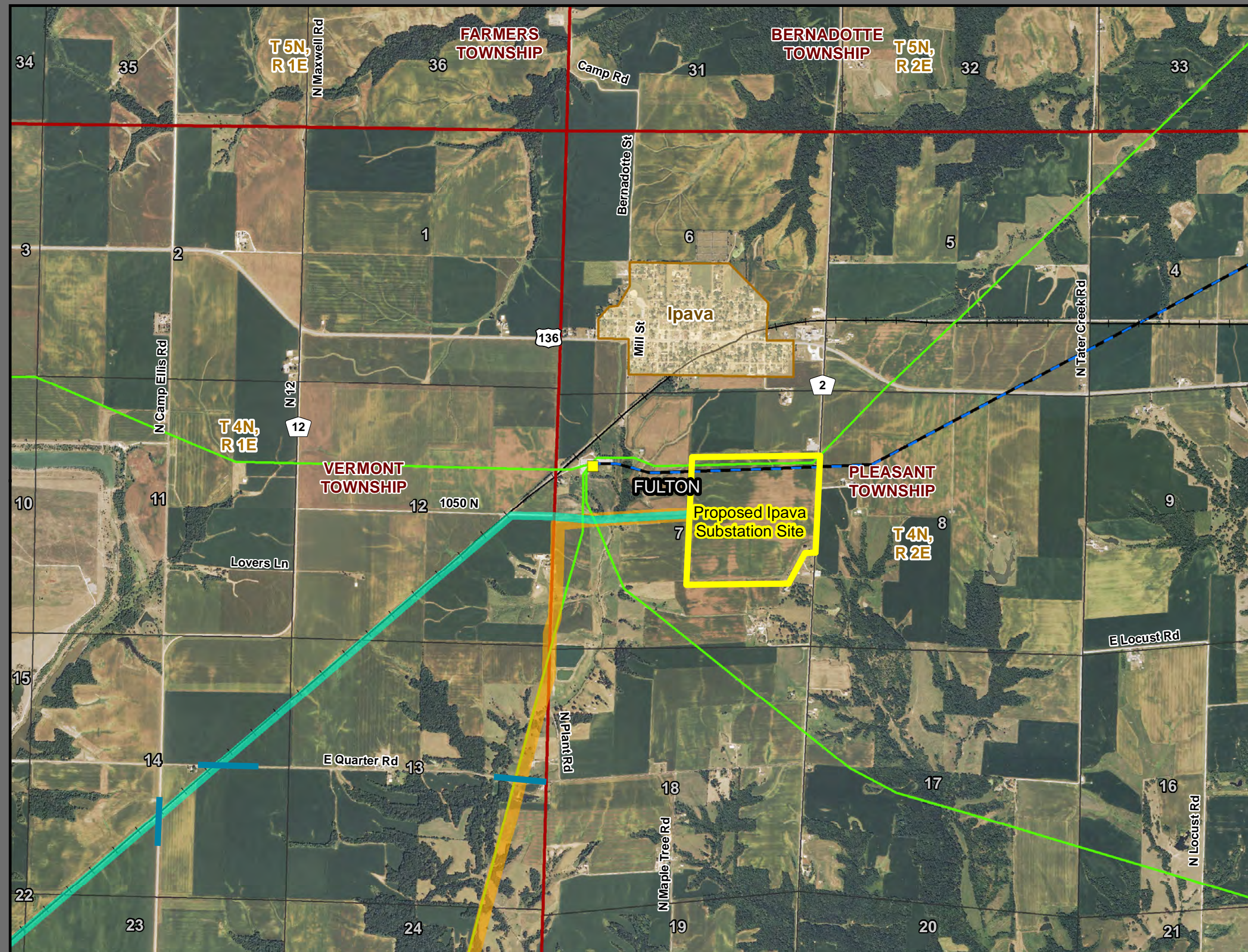


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Illinois Rivers Project

Proposed Routes

Legend

- Primary Route
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- Overhead Utility Line
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Existing Transmission Line

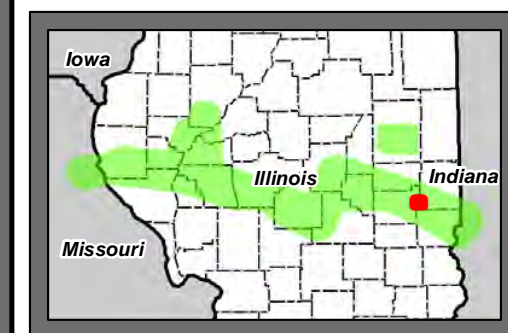
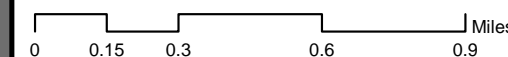
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